

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6371
BILL NUMBER: HB 1377

NOTE PREPARED: Jan 25, 2015
BILL AMENDED:

SUBJECT: Lap and shoulder safety belts on school buses.

FIRST AUTHOR: Rep. Bartlett
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

STATE IMPACT	FY 2015	FY 2016	FY 2017
State Revenues			
State Expenditures			\$5,000,000
Net Increase (Decrease)			(5,000,000)

Summary of Legislation: This bill provides that a school bus or special purpose bus placed into operation after June 30, 2016, that is used to transport elementary school or high school students must be equipped with a 3-point lap and shoulder safety belt at each seating location.

The bill requires the State School Bus Committee to adopt rules for the design, installation, and use of safety belt systems that must be installed in school buses and special purpose buses. The bill provides for an exception to the laws concerning other types of passenger restraint systems.

The bill requires each occupant of a school bus or special purpose bus that has a safety belt to have the safety belt properly fastened about the occupant's body at all times when the bus is in motion.

The bill establishes the Safety Belt Revolving Loan Fund (Fund). It requires the Department of Education to establish a Revolving Loan Program to provide loans from the fund to school corporations to assist school corporations in paying expenses necessary to comply with requirements concerning safety belts on school buses and special purpose buses.

The bill appropriates \$10,000,000 to the fund from the state General Fund. It makes conforming amendments.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Summary: Safety Belt Revolving Loan Fund* - Under the bill, a total of \$10 M total would be appropriated to the nonreverting fund for FY 2017 and FY 2018, or \$5M each fiscal year. The Department of Education must establish and administer the fund which would provide loans to school corporations to assist them in purchasing schools buses with the applicable safety belts, or in installing safety belts on buses.

The Department would pay the expenses of establishing and administering the fund. This should be within its existing resources. The bill's requirements to be undertaken by the Auditor of State should also be within the agency's existing resources.

State School Bus Committee: The committee should be able to implement the bill's requirements within existing resource levels.

Additional Information: Safety Belt Revolving Loan Fund - The Department of Education would have to establish standards of eligibility, the maximum amount of the loan that may be awarded to a school corporation, application procedures, any local matching funds that would be required, the interest rate charged, and the length of the loan and the repayment schedule. All repayment amounts would be returned to the fund.

If a school corporation is unable to repay the loans it receives from the fund, the bill authorizes the Auditor of State to withhold the amount owed from any other funds payable by the state to the school corporation.

Explanation of State Revenues: *Safety Belts - Penalty Provision:* If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class C infraction is \$500, which is deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the automated record keeping fee (\$5), judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), judicial insurance adjustment fee (\$1), and the DNA sample processing fee (\$2) are deposited into the state General Fund.

Explanation of Local Expenditures: *Summary: Safety Belts* - Two total cost figures for installing safety belts were estimated using different assumptions (*see Additional Information: Computing Cost*). Under the first set of assumptions, the total cost for a statewide installation of safety belts is estimated at \$260 M; under the second set of assumptions the total cost is estimated at \$309 M. These estimates are for larger buses (Type C and D). Adding safety belts to seats on a typical 8-30 passenger Type A school bus is estimated at \$2,100 to \$5,000 per bus.

School corporations and those who have contracts with corporations to provide bus service would have to absorb the added cost of ordering new school buses with safety belts or having current ones retrofitted. Additionally, the capacity of some buses would be reduced because of the installation of safety belts. The fleet size would have to be increased by this much to maintain the pre-safety belt installation capacity.

For new buses, the bill becomes effective on July 1, 2017. This may place an additional expense on corporations that ordered new buses without safety belts before the effective date of the bill, and which would be delivered after the bill becomes effective.

According to one vendor, retrofitting old buses would not be cost-effective as they would not meet current certification rules that were adopted in 2011. Additionally, the retrofit cost (around \$40,000 to \$50,000) would probably be a little less than half the cost of a new bus.

Additional Information: Safety Belts - Under current law, school children riding in a school bus are not required to wear safety belts. This bill stipulates that after June 30, 2016, a new school bus or special purpose bus must be equipped with 3-point lap and shoulder safety belts.

The bill provides that safety belts must be used if they are installed. A school corporation or nonpublic school that fails to enforce this provision would commit a Class C infraction.

Safety Belt Revolving Loan Fund - A school corporation may use any source of revenue to repay a loan including money in the school corporation's school bus replacement fund, transportation fund, and capital projects fund.

Computing Cost - The total cost does not include the cost for maintaining the seats. It is estimated there are approximately 9,170 Class C buses and 4,510 Class D buses that will need safety belts as required by this bill. The cost of a Class C bus is estimated at approximately \$110,000, and the cost of a Class D bus is estimated at \$130,000.

Costs are computed based on two sets of assumptions:

Estimate A: The additional cost of installing lap/shoulder safety belts on school buses is estimated to be \$12,500 over the cost of a new bus. For Class C buses, the cost is estimated at \$171 M, and for Class D buses, the estimated cost is \$89 M. The total cost is approximately \$260 M. This figure includes the cost of installing safety belts on all the buses, and it includes the additional 5% percent bus purchases that corporations would have to make due to lost capacity.

Estimate B: This estimate is based on cost figures from an in-state vendor. It is based on a bus having a capacity for 72 children in 24 seats (each seat holding three children). Assumptions include an average of 2 seats lost due to the installation, and the cost of seatbelt installation at \$500 per seat.

In this configuration, each bus would have 22 seats and the total cost of safety belts for 13,680 buses would be \$150 M. The cost for new Class C buses to replace the 2 seats lost per bus is \$92 M. The cost for new Class D buses to replace the 2 seats lost per bus is \$53 M. The cost for installing seat/lap belts on these new buses \$14 M. Total cost under these assumptions is \$309 M.

Safety Belts: There are usually four types of school buses: A, B, C, and D. Types A and B are smaller school buses with typical capacities of 8 to 30 students. Types C and D are large buses. Their passenger capacity is generally 48-90, and they account for over 90% of all buses.

Funding and capacity are issues for most school districts. Costs estimates vary: Bartholomew County estimated \$11,000 extra; the Alabama State Department of Education estimated an additional \$11,000 to

\$15,000. One vendor estimates the cost per seat at \$500.

Installing safety belts reduces capacity in two ways. First, the thicker seat backs take more floor space and result in the loss of one or more rows. Second, three elementary school pupils cannot sit on one bench with the minimum fixed width between belt-buckle latches, so seats must be a little narrower (for two pupils) on one side of the aisle and a little wider (for three pupils) on the other side. As a result, one seat per row is lost. A University of Alabama study estimated capacity losses at between 5% to 18%. The bus fleet would need to expand this much to offset the capacity loss. If funds were not available for extra buses, then there could be fewer buses.

Explanation of Local Revenues: *Safety Belts - Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Persons found guilty of a felony or misdemeanor are also required to pay the following fees that are deposited in local funds: the document storage fee (\$2), which is deposited into the clerk record perpetuation fund, and the jury fee (\$2) and law enforcement continuing education fee (\$4), which are both deposited in the county user fee fund.

State Agencies Affected: State School Bus Committee; Department of Education; Treasurer of State; Auditor of State

Local Agencies Affected: School corporations; Nonpublic schools; Trial courts; local law enforcement agencies.

Information Sources: Summary Report, Alabama School Bus Seat Belt Pilot Project, Oct 25, 2010; Mr Clifford Zehr, President, Kerlin Bus Sales & Leasing, Inc., 260-352-2722; Michael A. LaRocco, Director of School Transportation, Department of Education, 317-232-0891.

Fiscal Analyst: David Lusan, 317-232-9592.